



BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Part 1026

Truth in Lending (Regulation Z)

CFR Correction

In Title 12 of the Code of Federal Regulations, Parts 1026 to 1099, revised as of January 1, 2016, on page 749, in supplement I to part 1026, under section 1026.41, the heading 41(e)(5) *Consumers in bankruptcy* and paragraphs 1, 2, and 3 are added to read as follows:

SUPPLEMENT I TO PART 1026--OFFICIAL INTERPRETATION

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Section 1026.41--Periodic Statements for Residential Mortgage Loans

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41(e)(5) Consumers in bankruptcy.

1. *Commencing a case.* The requirements of §1026.41 do not apply once a petition is filed under Title 11 of the United States Code, commencing a case in which the consumer is a debtor.

2. *Obligation to resume sending periodic statements.* i. With respect to any portion of the mortgage debt that is not discharged, a servicer must resume sending periodic statements in compliance with §1026.41 within a reasonably prompt time after the next payment due date that follows the earliest of any of three potential outcomes in the consumer's bankruptcy case: the case is dismissed, the case is closed, or the consumer receives a discharge under 11 U.S.C. 727, 1141, 1228, or 1328. However, this requirement to resume sending periodic statements does not require a servicer to communicate with a consumer in a manner that would be inconsistent with applicable bankruptcy law or a court order in a bankruptcy case. To the extent permitted by such law or court order, a servicer may adapt the requirements of §1026.41 in any manner believed necessary.

ii. The periodic statement is not required for any portion of the mortgage debt that is discharged under applicable provisions of the U.S. Bankruptcy Code. If the consumer's bankruptcy case is revived--for example if the court reinstates a previously dismissed case, reopens the case, or revokes a discharge--the servicer is again exempt from the requirement in §1026.41.

3. *Joint obligors.* When two or more consumers are joint obligors with primary liability on a closed-end consumer credit transaction secured by a dwelling subject to §1026.41, the exemption in §1026.41(e)(5) applies if any of the consumers is in bankruptcy. For example, if a husband and wife jointly own a home, and the husband files for bankruptcy, the servicer is exempt from providing periodic statements to both the husband and the wife.

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